

# Market Information Policies

October 1, 2016

## Introduction

Recipients of Information are broadly categorized as either Vendors or End-Customers. A Vendor subscribes to the Information for the purpose of providing it to its Subscribers. By contrast the party consuming Information for its internal purposes are referred to as End-Customer. In some instances a single organization may be both a End-Customer/Subscriber as well as a Vendor within different parts of its business; an example being a broker systematically providing Information to its brokerage clients and also consuming Information as part of its proprietary trading.

This Market Information Policies (hereinafter “Policy”) contains details of policies and conditions that apply to the Vendor’s Service to its Subscribers and End-Customer’s use of Information, and other administrative matters regarding the use of Information. The requirements specified in this Market Information Policies (hereinafter “Policy”) constitute a part of the Agreement between recipient of Information (“You”) and KOSCOM.

In this Policy, an entity who has completed “Market Information Service Agreement” with KOSCOM is referred to as “Vendor”, and an entity who has completed “Market Information Agreement for End-Customer” or a Subscriber of Vendor(s) is referred to as “End-Customer”

Please note that this Policy may be reviewed and modified from time to time by KOSCOM to reflect changes in technology and needs of market participants. The current version of the Policy may be viewed and downloaded on the website (<https://data.koscom.co.kr/epolicy>) and if updated will be published and sent to You at least 90 days in advance.

If You have any queries concerning this Policy or how they apply to Your business, please contact KOSCOM account managers.

## 1. Definitions

Below Definitions may relates to this Policy only, please refer to the Terms and Conditions of Agreement between You and KOSCOM or to the website (<https://data.koscom.co.kr/deftnc>) for other capitalized terms not defined herein.

### **Device**

shall mean any terminal, data receiver, display unit or any other equipment which is entitled to receive, access or display the Information;

### **End-Customer**

shall mean any party who is entitled to receive Information either directly from KOSCOM or via a Vendor, and who is not authorized to redistribute Information to any third party;

### **ID**

shall mean a unique identifier which enables a particular User or Device to access Information. ID is to be used in combination with password; and

### **User**

shall mean the natural person (private individual or employee of/contractor to an entity), who is entitled to access Information.

## 2. Permitted Use under External Distribution Rights Option

Where an entity is given the rights to externally distribute Information as set out in the "External Distribution Rights Option" section in the Order Form (where an entity is authorized as a Vendor by KOSCOM), the permitted use of Information under each option (subject to the terms of this Policy) is as follows:

### **[Option 1] General Service**

- (1) Internal use of Information;
- (2) Distribution of Information to its Subscribers who use Information internally, provided that if Real-time Information is to be provided via Datafeed, KOSCOM's prior written approval is required;
- (3) Distribution of Information via Public Media Service (please refer to Option 4 below); and
- (4) Distribution of Information to Sub-Vendor upon KOSCOM's prior written approval.

### **[Option 2] Service for Private Subscribers Only**

- (1) Distribution of Information to its Private Subscribers who satisfy the criteria set forth in the this Policy, provided that:

- distribution of Information to Subscribers via Datafeed without KOSCOM's prior approval is not permitted; and
- internal use of Information is permitted only for the purpose of development, operation, testing and quality control of the systems employed for the external dissemination of the Information.

**[Option 3] Website Last Sale Price Service**

(1) Distribution of Information excluding quotes related Information (quote price, volume, etc.) to the public (in open access environment) via website or mobile application, provided that:

- provision of any technical means, tools or supports for recipients of Information to process, store, export or onward disseminate Information (including, but not limited to API, DDE) is strictly prohibited;
- distribution of Information under this Option is not permitted for Vendor's Service provided to professional Users; and
- internal use of Information is permitted only for the purpose of development, operation, testing and quality control of the systems employed for the external dissemination of the Information.

KOSCOM reserves the right to determine at its sole discretion whether the distribution of Information by a Vendor under this Option is in compliance with the above restrictions.

**[Option 4] Public Media Service Only**

(1) Distribution of Information to the public via newspaper, TV, radio or similar media, provided that:

- the recipient of Information is unable to subjectively select or retrieve Information (interactive service is not permitted);
- electronic storage or processing of Information by the recipient is technically prevented in reasonable manner.

KOSCOM reserves the right to determine at its sole discretion whether the distribution of Information by a Vendor under this Option is in compliance with the above restrictions.

For avoidance of doubt, distribution of Information via public internet or web based service will not qualify as Public Media Service.

### 3. Conditions for Datafeed Provision

Unless otherwise provided in the Agreement with KOSCOM, Vendor is required to obtain KOSCOM's prior written approval before it distributes Information to its Subscriber via Datafeed and shall notify Subscribers who intend to procure Information via Datafeed that they are required to complete a direct agreement with KOSCOM.

The procedures for authorization of Information provision to Subscriber via Datafeed are as follows:

#### *[New Datafeed Subscriber]*

- (1) Subscriber accesses web-based order system (<https://data.koscom.co.kr/indirectdata>) and fills in order details (e.g. Information Product requested, company information, contact information).
- (2) The order form submitted online will be reviewed by KOSCOM. If necessary, KOSCOM may request the Subscriber to provide additional information or change order details online.
- (3) KOSCOM sends an official confirmation message to the Subscriber and notifies the Vendor of the approval.

#### *[Existing Datafeed Subscriber]*

- (1) Subscriber accesses to web-based order system (<https://data.koscom.co.kr/indirectdata>) and changes current order details.
- (2) KOSCOM sends an official confirmation message to the Subscriber and notifies the Vendor of approval for Information distribution.

### 4. Unit of Count

Unit of Count shall be used as the basis for generating Reports and calculating Variable Fees as specified in the Fees Schedule.

Unless otherwise provided in the Agreement with KOSCOM, all access to Real-time Information shall be controlled and recorded for the Report by one of the following Units of Count:

- (1) ID

The access right to Real-time Information is to be controlled and reported via unique ID. IDs subject to Report are every unique ID capable of accessing Information on the first day of relevant month unless other similar criteria are approved by KOSCOM.

#### *[Criteria for ID based reporting]*

- For displaying Information, Unit of Count shall be each User entitled to access Real-time Information. Each User shall be assigned a unique ID for access right to Real-time Information. If an ID has been permissioned with multiple Devices (simultaneous access), each Device permissioned for such ID shall be reported.
- Notwithstanding the aforementioned policy, for 'stand-alone' type Device (which means normally a display terminal not connected to the organization's internal networks), KOSCOM accepts reporting on the basis of all Devices (terminals) capable of accessing Information.
- For Non-Display Usage, Unit of Count shall be each application entitled to access Real-time Information. Each application shall be assigned a unique ID for access right to Real-time Information. If an ID has been permissioned with multiple applications (concurrent sessions), each application permissioned for such ID shall be reported.
- If Information is procured from multiple sources (e.g. multiple Vendors or direct connection), the number of IDs shall be counted and reported per each source. Netted calculation of number of IDs assigned to the User or Device receiving from multiple sources is not permitted (each Vendor is required to report and pay Fees for IDs respectively)

(2) Single Quote

- "Single Quote" means any request from a Subscriber to have Real-time Information on a single instrument sent on a specific chosen point in time.
- If Single Quote is to be used as Unit of Count, Vendor is required to count and report all Single Quotes per instrument.
- In case where Information is distributed on streaming or automatic update basis or Information is broadcasted to multiple Users, Single Quote shall not be permitted as Unit of Count.

(3) Other similar Unit of Count approved by KOSCOM with reasonable discretion.

## 5. Report

Vendors will be required to report every month per Information Product:

- (1) The number and location of Units within Vendor and its Affiliates granted access right to Real-time Information subject to Variable Fees;
- (2) The name and location(s) of each Subscriber and the number of Units at each Subscriber location granted access right to Real-time Information subject to Variable Fees.
  - For Subscriber receiving Information via Datafeed, the above information shall be distinguished with 'Datafeed' indication in the report to enable KOSCOM to discern; and
- (3) The name and address of each Sub-Vendor. (For avoidance of doubt, any Sub-Vendor receiving Delayed Information will be also subject to this reporting obligation.)

End-Customer will be required to report every month per Information Product:

- (1) The number and location of Units within End-Customer and its Affiliates granted access rights to Real-time Information subject to Variable Fees.

Reports are not required in respect of the recipients of Information via Website Last Sale Price Service or Public Media Service. However, Vendor providing Website Last Sale Price Service shall, upon KOSCOM's request from time to time, provide KOSCOM URLs of the websites distributing Information and/or access (e.g. access ID) to such websites or mobile applications free of charge (if log-in or payments are required to have access to those services).

In general, the above reporting obligation (except for reporting obligation in respect of Sub-Vendor) shall not apply to (1) use of Information Products for which Variable Fees are waived and (2) Users/Devices for which Variable Fees are waived under the Agreement. However, KOSCOM reserves the right in its discretion to apply reporting obligation to certain Information Product for which Variable Fees are waived upon 3 months' prior written notice.

## 6. Fee Waiver

Variable Fees may be waived in respect of:

- (1) The internal use of Information by Vendor for the purpose of development, operation, testing and quality control of the systems employed for the external dissemination of the Information to its Subscriber (Services to its Subscribers), provided that:
  - (i) Upon KOSCOM' request, Vendor shall report to KOSCOM on non-chargeable Users/Devices and shall demonstrate that these Users/Devices are accessing Information only for the above purpose; and
  - (ii) In case where KOSCOM determines that the number of these Users/Devices is unreasonable, KOSCOM may limit the number of non-chargeable Users/Devices.

- (2) The use of Information in the business continuity facilities, provided that:
- (i) Vendor or End-Customer using the Information at the business continuity facility is already paying relevant Variable Fees at its normal location;
  - (ii) The business continuity facility is not operational (except that both locations may be operational where testing is being carried out at the business continuity facility);
  - (iii) The number of Users/Devices at the business continuity site does not exceed the number of Users/Devices reported for the use of Information at its normal location; and
  - (iv) KOSCOM has the right to request and obtain a report from Vendor or End-Customer on Users/Devices used in the business continuity facility and may limit the number of non-chargeable Users/Devices if KOSCOM determines that the number of these Users/Devices is unreasonable.

## 7. Private Subscriber

Private Subscriber is a Subscriber who satisfies all the criteria set forth below:

- (1) Subscriber is a natural person;
- (2) Subscriber is not registered as or employed by financial service institution, investment advisor, credit institution, exchange (including any trading facility), regulatory authority, professional association or other organizations similar in nature;
- (3) Subscriber shall not use the Information for the business purpose, such as commercial securities trading or information service;
- (4) Subscriber uses the Information solely for his private purpose, such as the management of his own asset;
- (5) Subscriber will not use the Information in any manner for the purpose related to third parties, such as, for instance, management of third party's assets; and
- (6) Subscriber will not distribute Information to third parties, in particular such third parties who do not qualify for Private Subscriber.

The preferential Variable Fees in the Fees Schedule shall only apply to Private Subscribers.

If a Vendor intends to apply the preferential Variable Fees to its Subscriber, the Vendor shall take following measures to ensure that the Subscriber in question satisfies the above criteria for a Private Subscriber:

- (1) Vendor shall obtain reasonable evidence that Subscriber satisfies the above criteria for a Private Subscriber. Vendor at least shall obtain a declaration of Private Subscriber status from the Subscriber concerned. This should set out the definition of a Private Subscriber as set out above and include an affirmation that the Subscriber satisfies these criteria. The declaration should be signed

and dated by the Subscriber and include the contact information of the Subscriber. Web based or electronically submitted declarations will also be accepted;

- (2) The declarations of Subscribers and further documents on Private Subscriber qualification should be retained by Vendor at least 3 years and should be made available upon KOSCOM's request.

If KOSCOM reasonably determines that a specific Service of Vendor is in nature a Service for Private Subscribers, KOSCOM may change above obligations for that specific Service.

## 8. Non-Display Usage

Non-Display Usage includes the following categories of usage:

- (1) Trading Based Usage: use of Real-time Information for trading based activities which includes, but is not limited to, use of Information for automated or semi-automated order/quote generation, smart order routing, market making, algorithmic trading, program trading and high frequency trading.
- (2) Other Non-Display Usage: use of Real-time Information within applications for the following activities.
- Risk Management
  - Quantitative Analysis
  - Portfolio Management
  - Creation of Original Work or Other Non-Display Usage

Unless otherwise provided in the Order Form, any Vendor or End-Customer who intends to use or uses Information for Non-Display Usage shall declare this usage to KOSCOM as follows:

- (1) Vendor and End-Customer, who has a direct agreement with KOSCOM, shall:
- (i) when entering into an agreement with KOSCOM, specify its usage in the Order Form;
- (ii) if Non-Display Usage changes in the future, have 2 options:

Option 1	Update the Non-Display Usage described in the Order Form.
Option 2	Declare its Non-Display Usage using the declaration form (which can be downloaded at <a href="https://data.koscom.co.kr/ndlist">https://data.koscom.co.kr/ndlist</a> to KOSCOM.

- (2) End-Customer, who is not required to have a direct agreement with KOSCOM, shall:
- (i) declare its Non-Display Usage using the declaration form (which can be downloaded at <https://data.koscom.co.kr/ndlist>) to KOSCOM;
- (ii) if Non-Display Usage changes in the future, declare its changed Non-Display Usage to KOSCOM using this declaration form.



Non-Display Usage is subject to monthly payment of Non-Display Purpose Fees as set out in the Fees Schedule. For avoidance of doubt, KOSCOM will invoice Non-Display Usage Fees directly to the Subscribers who have declared Non-Display Usage to KOSCOM.

In the event of incorrect or incomplete declarations on Non-Display Usage or failure to declare Non-Display Usage, KOSCOM shall be entitled to charge Non-Display Purpose Fees retroactively.

In case where KOSCOM reasonably determines that Subscribers are not able to perform Non-Display Usage from the Information received from a particular Service of Vendor (e.g. display service at a public website), KOSCOM may apply declaration obligation for such Service other than specified above.

## 9. Use of Information for Index Calculation and Pricing of Tradable Product

Unless otherwise provided in the Order Form, recipient of Information, whether Vendor or End-Customer, is prohibited from using Information for the purpose of (1) calculating or publishing Index or (2) creating Tradable Product or deriving price of Tradable Product without prior written approval of KOSCOM.

- ✳ Tradable Product means any exchange traded fund(ETF), share, derivative contract(including, but not limited to, futures, options, CFD) or other financial instrument, which is traded or available for trading at any domestic/overseas exchanges, trading platforms or other similar facilities.

## 10. Distribution of Limited Extracts of Information

End-Customer may distribute limited extracts of Information in written or oral communications with his clients in connection with the End-Customer's ordinary business as a provider of financial service, provided that the distribution of Information:

- (1) is done in a non-systematic manner. "Non-systematic" means the irregular and infrequent provision which does not have effect of regular updating;
- (2) is not made in connection with any sale of Information or commercial publishing activity; and
- (3) does not have the result of substituting for, and is not intended to substitute for, any Subscriber paying for access to the Information.

KOSCOM reserves the all right to determine whether distribution of Information by End-Customer meets the conditions of this section and to limit or withdraw the rights to distribute limited extracts of Information.

## 11. Service Facilitator

Service Facilitator is a third party to which a Vendor or End-Customer outsources some portion of its technical or operational role in respect of its use or distribution of Information. Service Facilitator may receive and use Information for the purpose of supporting Vendor or End-Customer without completing a direct agreement with KOSCOM.

KOSCOM's prior written approval must be obtained before Service Facilitator receives or uses Information.

KOSCOM will normally accept as a Service Facilitator;

- An agent bound by contract to a Vendor to provide Vendor's Service to Vendor's Subscribers.
- An organization developing or maintaining software on behalf of a Vendor or End-Customer for use in connection with Service

PROVIDED THAT:

- Vendor/End-Customer shall cause Service Facilitator to restrict the use of Information to the extent approved by KOSCOM under the agreement between KOSCOM and Vendor/End-Customer in respect of the use of Information ("Agreement");
- Vendor, and not the Service Facilitator, shall contract directly with Subscriber to distribute Information via Service Facilitator to the Subscriber;
- Vendor shall be responsible for the reporting on the use by Subscribers of Information distributed via Service Facilitator under the Agreement;
- Vendor/End-Customer shall guarantee and accept responsibility for performance of all obligations under the Agreement in respect of Information used or distributed via Service Facilitator;
- Vendor/End-Customer shall guarantee that Service Facilitator agrees to the same terms as Vendor/End-Customer has agreed with KOSCOM in respect of KOSCOM's audit rights;
- Vendor shall be clearly branded within its Service to the Subscriber and Vendor's logo and name shall be displayed within its Service at all times;
- Upon KOSCOM's request, Vendor/End-Customer shall provide KOSCOM with the information (e.g. entitlement control procedures, reporting procedures, display of Service) to enable KOSCOM to understand status of compliance with the above conditions and/or an access to any such Service free of charge (e.g. access ID); and
- KOSCOM reserves all rights to accept or reject Service Facilitator and may withdraw approval from Service Facilitator at KOSCOM's sole discretion.

## 12. Special Provision for Distribution of Market Representative Index

“Market Representative Index” shall mean 3 indices (KOSPI Index, KOSPI200 Index and KOSDAQ Index) among the Indices published by Korea Exchange.

In case that Vendor provides Market Representative Index Information only and does not provide any other KRX Index Information to its End-Customer Subscriber:

- (1) reporting obligation in respect of use of Information by Subscribers shall be waived; and
- (2) Licensed Vendor with option 1 of external distribution right may distribute Market Representative Index Information to its End-Customer Subscriber via Datafeed without prior approval of KOSCOM.